

# HOUSE BILL No. 4805

April 21, 2009, Introduced by Reps. Miller and Switalski and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
(MCL 206.1 to 206.532) by adding section 277.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           SEC. 277. (1) FOR TAX YEARS THAT BEGIN ON AND AFTER JANUARY 1,  
2           2009, A TAXPAYER THAT IS A NEW BUSINESS MAY CLAIM A CREDIT AGAINST  
3           THE TAX IMPOSED UNDER THIS ACT IN AN AMOUNT EQUAL TO THE PREMIUMS  
4           PAID IN THE TAX YEAR FOR AN ELIGIBLE HEALTH BENEFIT PLAN FOR THE  
5           TAXPAYER OR THE TAXPAYER'S IMMEDIATE FAMILY. A TAXPAYER MAY ONLY  
6           CLAIM THE CREDIT FOR THE FIRST 2 YEARS OF OPERATION OF THE NEW  
7           BUSINESS. A CREDIT UNDER THIS SECTION SHALL NOT BE CLAIMED FOR MORE  
8           THAN A TOTAL OF 2 TAX YEARS.

9           (2) THE AMOUNT ALLOWABLE AS A CREDIT UNDER THIS SECTION FOR A  
10          TAX YEAR SHALL NOT EXCEED \$1,000.00.

11          (3) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX

1 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT AMOUNT THAT  
2 EXCEEDS THE TAX LIABILITY SHALL NOT BE REFUNDED.

3 (4) AS USED IN THIS SECTION:

4 (A) "CARRIER" MEANS A HEALTH INSURER, HEALTH MAINTENANCE  
5 ORGANIZATION, OR HEALTH CARE CORPORATION.

6 (B) "ELIGIBLE HEALTH BENEFIT PLAN" MEANS ANY INDIVIDUAL OR  
7 GROUP CONTRACT, POLICY, OR CERTIFICATE OF HEALTH, ACCIDENT, AND  
8 SICKNESS INSURANCE OR COVERAGE ISSUED BY A CARRIER. ELIGIBLE HEALTH  
9 BENEFIT PLAN DOES NOT INCLUDE A CONTRACT, POLICY, OR CERTIFICATE  
10 THAT PROVIDES COVERAGE ONLY FOR DENTAL, VISION, SPECIFIED ACCIDENT  
11 OR ACCIDENT-ONLY COVERAGE, CREDIT, DISABILITY INCOME, HOSPITAL  
12 INDEMNITY, LONG-TERM CARE INSURANCE, MEDICARE SUPPLEMENT, COVERAGE  
13 ISSUED AS A SUPPLEMENT TO LIABILITY INSURANCE, AND SPECIFIED  
14 DISEASE INSURANCE THAT IS PURCHASED AS A SUPPLEMENT AND NOT AS A  
15 SUBSTITUTE FOR AN ELIGIBLE HEALTH BENEFIT PLAN. ELIGIBLE HEALTH  
16 BENEFIT PLAN DOES NOT INCLUDE COVERAGE OR BENEFITS ARISING OUT OF  
17 THE WORKER'S DISABILITY COMPENSATION ACT OF 1969, 1969 PA 317, MCL  
18 418.101 TO 418.941, ANOTHER WORKER'S COMPENSATION LAW OR SIMILAR  
19 LAW, AUTOMOBILE MEDICAL PAYMENT INSURANCE, INSURANCE UNDER WHICH  
20 BENEFITS ARE PAYABLE WITH OR WITHOUT REGARD TO FAULT, COVERAGE  
21 UNDER A PLAN THROUGH MEDICARE, AND COVERAGE ISSUED UNDER 10 USC  
22 1071 TO 1110, AND ANY COVERAGE ISSUED AS A SUPPLEMENT TO THAT  
23 COVERAGE.

24 (C) "HEALTH CARE CORPORATION" MEANS A HEALTH CARE CORPORATION  
25 OPERATING PURSUANT TO THE NONPROFIT HEALTH CARE CORPORATION REFORM  
26 ACT OF 1980, 1980 PA 350, MCL 550.1101 TO 550.1704.

27 (D) "HEALTH INSURER" MEANS A HEALTH INSURER WITH A CERTIFICATE

1 OF AUTHORITY UNDER THE INSURANCE CODE OF 1956, 1956 PA 218, MCL  
2 500.100 TO 500.8302.

3 (E) "HEALTH MAINTENANCE ORGANIZATION" MEANS A HEALTH  
4 MAINTENANCE ORGANIZATION WITH A LICENSE OR CERTIFICATE OF AUTHORITY  
5 UNDER THE INSURANCE CODE OF 1956, 1956 PA 218, MCL 500.100 TO  
6 500.8302.

7 (F) "MEDICARE" MEANS THE FEDERAL MEDICARE PROGRAM ESTABLISHED  
8 UNDER TITLE XVIII OF THE SOCIAL SECURITY ACT, 42 USC 1395 TO  
9 1395HHH.

10 (G) "MICHIGAN ECONOMIC DEVELOPMENT CORPORATION" MEANS THE  
11 PUBLIC BODY CORPORATE CREATED UNDER SECTION 28 OF ARTICLE VII OF  
12 THE STATE CONSTITUTION OF 1963 AND THE URBAN COOPERATION ACT OF  
13 1967, 1967 (EX SESS) PA 7, MCL 124.501 TO 124.512, BY A CONTRACTUAL  
14 INTERLOCAL AGREEMENT EFFECTIVE APRIL 5, 1999, AS AMENDED, BETWEEN  
15 LOCAL PARTICIPATING ECONOMIC DEVELOPMENT CORPORATIONS FORMED UNDER  
16 THE ECONOMIC DEVELOPMENT CORPORATIONS ACT, 1974 PA 338, MCL  
17 125.1601 TO 125.1636, AND THE MICHIGAN STRATEGIC FUND.

18 (H) "NEW BUSINESS" MEANS A BUSINESS THAT MEETS ALL OF THE  
19 FOLLOWING CRITERIA AS CERTIFIED ANNUALLY BY THE MICHIGAN ECONOMIC  
20 DEVELOPMENT CORPORATION:

21 (i) HAS FEWER THAN 25 FULL-TIME EQUIVALENT EMPLOYEES.

22 (ii) HAS SALES OF LESS THAN \$1,000,000.00 IN THE TAX YEAR FOR  
23 WHICH THE CREDIT UNDER THIS SECTION IS CLAIMED.

24 (iii) IS NOT PUBLICLY TRADED.

25 (iv) MET 1 OF THE FOLLOWING CRITERIA DURING 1 OF THE INITIAL 2  
26 CONSECUTIVE TAX YEARS IN WHICH THE QUALIFIED START-UP BUSINESS HAD  
27 NO BUSINESS INCOME:

1 (A) DURING THE IMMEDIATELY PRECEDING 7 YEARS WAS IN 1 OF THE  
2 FIRST 2 YEARS OF CONTRIBUTION LIABILITY UNDER SECTION 19 OF THE  
3 MICHIGAN EMPLOYMENT SECURITY ACT, 1936 (EX SESS) PA 1, MCL 421.19.

4 (B) DURING THE IMMEDIATELY PRECEDING 7 YEARS WOULD HAVE BEEN  
5 IN 1 OF THE FIRST 2 YEARS OF CONTRIBUTION LIABILITY UNDER SECTION  
6 19 OF THE MICHIGAN EMPLOYMENT SECURITY ACT, 1936 (EX SESS) PA 1,  
7 MCL 421.19, IF THE QUALIFIED START-UP BUSINESS HAD EMPLOYEES AND  
8 WAS LIABLE UNDER THE MICHIGAN EMPLOYMENT SECURITY ACT, 1936 (EX  
9 SESS) PA 1, MCL 421.1 TO 421.75.

10 (C) DURING THE IMMEDIATELY PRECEDING 7 YEARS WOULD HAVE BEEN  
11 IN 1 OF THE FIRST 2 YEARS OF CONTRIBUTION LIABILITY UNDER SECTION  
12 19 OF THE MICHIGAN EMPLOYMENT SECURITY ACT, 1936 (EX SESS) PA 1,  
13 MCL 421.19, IF THE QUALIFIED START-UP BUSINESS HAD NOT ASSUMED  
14 SUCCESSOR LIABILITY UNDER SECTION 15(G) OF THE MICHIGAN EMPLOYMENT  
15 SECURITY ACT, 1936 (EX SESS) PA 1, MCL 421.15.